



Ranking Republican, Senate Agriculture and Rural Economic Development Committee

February 2, 2007

Dear Neighbors,

Hello from Olympia, where the Legislature is close to finishing its fourth week of the 2007 session. I'm proud to bring you the second edition of the "SRC Ag Alert!" to give you and others an update on legislation and issues relating to agriculture in Washington state.

Environmentalists need to keep their word on working together on land-use compromise

Before property-rights Initiative 933 was defeated by Washington voters last fall, many I-933 opponents admitted there were very real problems with regulations on agricultural lands that impacted the ability to farm. The initiative's foes said if voters turned it down, they would then work with property owners (especially those with ag ties) to develop reasonable alternatives.

Senate Bill 5248, which received a public hearing last Monday in the Senate Agriculture and Rural Economic Development Committee, attempts to preserve the viability of agricultural lands. It is a good possible solution to this long-lasting problem. It's prime-sponsored by a rural Democrat, Sen. Brian Hatfield of Raymond. Its co-sponsors include members from both sides of the political aisle and both sides of the state, including myself and the committee's chair, Sen. Marilyn Rasmussen (D-Eatonville).

Under SB 5248, critical area ordinances and development regulations developed or amended by local governments may not prohibit legally existing agricultural activities that occur on ag land and may not require removal of ag land from production.

During its public hearing this week, pro-agriculture groups said they liked the bill. Other groups, including American Farmland Trust, conservation districts and reasonable individuals who are concerned about the environment said the proposal was good public policy. Unfortunately, officials from Futurewise and the Washington Environmental Council, groups that have claimed they want to preserve farmland, testified against the bill. Their stance is contrary to what farmers and reasonable conservation groups want to do.

How important is it to find a reasonable solution to this problem? Consider the testimony of a Skagit County woman, who said she and her husband bought farmland near a river decades ago. She told our committee that, due to the river that went through their farmland, as well as tributaries, 25 percent of their property was ineligible for ag uses if you took literal interpretations of critical area ordinances.

Port container fee would hurt farmers

Sen. Mary Margaret Haugen, D-Camano Island and chair of the Senate Transportation Committee, recently unveiled Senate Bill 5207, which would impose a fee on shipping containers that pass through Washington's ports. The fee would be \$50 per 20 feet, which translates into \$100 for a container that is 40 feet long, as are most containers.

When the bill received a public hearing in the committee last week, the reception was predictably cold. While the Washington Trucking Association and a handful of Puget Sound cities were in favor of it, many groups opposed it: Washington Retail Association; Transportation Institute; Pacific Seafood Processors; Wilcox Farms/Washington Food Industry; Washington Public Ports Association; Port of Tacoma; Port of Seattle; Masters, Mates and Pilots and Inland Boatmen's Union; United Transportation Union; Brotherhood of Locomotive Engineers; Marine Engineers Beneficial Association; Burlington Northern Santa Fe; Union Pacific Railroad; Pacific Merchant Shipping Association; and Columbia River Steamship Operators.

The bill's opponents made several worthy points why the proposal is bad: Some 70 percent of containerized freight moving through Washington's ports is discretionary, so imposing a fee on the processing of shipping containers will take away container traffic from our state's marine ports. (Seattle and Tacoma would end up losing port traffic while Portland, Vancouver, B.C., and the California ports would gain.) This fee would hurt export trade in a state that is highly dependent on trade. There is some concern that the fee is instead a tax and may well be unconstitutional because it would impede interstate commerce, import/export activity and the movement of containerized cargo as government by federal law and international treaty.

Another problem with the container fee measure is that it's specific on the tax and vague on the projects it would supposedly benefit. This won't be comforting to farmers and others in the ag industry who would be impacted by the fee. In addition, farmers won't be able to pass on the added costs when their produce arrives at a port. For instance, the container fee would be taken from potato growers' checks when they export potatoes.

It's worth noting that California Gov. Arnold Schwarzenegger vetoed a similar proposal (SB 927) last September. In his veto message on this bill, Schwarzenegger wrote: "This fee is arbitrary and ill-defined. It would put a damper on California's economy and our booming international trade business including goods grown and manufactured here in California...California's economy is flourishing and the people of California are benefiting from our state's prosperity. Let's keep working to keep our economy strong." Those are wise words worth heeding here in Washington. If the governor of a competing port state is rejecting this bad idea, our Legislature shouldn't even let this proposal reach the desk of our governor.

The hard, difficult reality of being a Palouse area farmer today

There was a recent article in the *Moscow-Pullman Daily News* by Ryan Bentley that accurately portrayed the state of agriculture for many farmers in the Palouse region.

Ryan's story said wheat prices have remained close to where they were 30 years ago, while "the cost of everything else has skyrocketed...Fuel, fertilizer and seed prices have peaked during the last two years. The surge has a lot of people in the agriculture industry wondering what the future holds, and they are looking for new ways to preserve their lifestyle...Farmers are looking at everything from alternative crops to mining clay to stay in business on the Palouse."

The Daily News article said many wheat farmers are afraid to diversify their farms because there is too much risk associated with switching crops, and many do not provide enough of a profit margin.

As a wheat farmer myself, I understand the financial hardships many wheat growers and other farmers face nowadays. That's why it's so important for the Legislature to look for meaningful ways to help farmers and others who work in this key part of Washington's economy.

Status of Senate ag-related bills

There are a few new agriculture-related bills that have been introduced in the Senate. Here is a look at several of them:

✓ **Senate Bill 5000:** Prime-sponsored by Sen. Joe Zarelli, this measure creates a rainy day fund, protected by a constitutional amendment, for most of the state's current surplus and for excess revenues in the future so the money must be saved. Legislators who want to spend it need a three-fifths vote of both the House and Senate. During periods like the 1981-83 recession and the post-9/11 recession, when employment growth was less than 1 percent, the Legislature may withdraw necessary funds with a simple majority vote. Under the provisions of SB 5000, 1 percent of general fund revenues must be deposited into the account each year. *(Received public hearing in Ways and Means Committee on January 30.)*

✓ **SB 5009:** It exempts biodiesel fuel used for nonhighway farm use from the sales and use tax. In 2006, the Legislature passed a bill providing a sales and use tax exemption for diesel used for farming purposes by a farm fuel user. A farm fuel user means a farmer or a person who provides horticultural services for farmers, such as soil preparation services, crop cultivation services, and crop harvesting services. Prime-sponsored by Sen. Haugen. *(Passed by the Senate Agriculture and Rural Economic Development Committee on January 23 and is now in the Senate Ways and Means Committee.)*

✓ **SB 5056:** Prime-sponsored by Sen. Rasmussen, this measure continues the small farm direct marketing assistance program, which was established by the 2001 Legislature. The program is run by the state Department of Agriculture. Small farms are defined as having less than \$250,000 gross annual sales with labor and management provided by the farmer or farm family that owns or leases the farm. The program is set to expire July 1 this year. The bill deletes the expiration date, allowing the program to continue indefinitely. *(Passed by the Agriculture and Rural Economic Development Committee on January 17 and now in Senate Rules Committee.)*

✓ **SB 5059:** It provides a business and occupation tax rate for custom farming services. Prime-sponsored by Sen. Jim Honeyford (R-Sunnyside). *(Received public hearing in Agriculture and Rural Economic Development Committee on January 25.)*

✓ **SB 5074:** Prime-sponsored by Sen. Honeyford, this watershed bill divides Water Resource Inventory Area 29 in south-central Washington into WRIA 29a and WRIA 29b, and allows for separate planning for both entities. Under the proposal, WRIA 29a is eligible for the full amount of available funding for a single WRIA, and 29b is eligible for half of such funding or eligible for funding as an additional WRIA if it's added to the planning process for WRIA 30. *(Received a public hearing in the Senate Water, Energy and Telecommunications Committee on January 30.)*

✓ **SB 5075:** This bill allows outdoor burning of cut brush or timber material within an urban growth area as defined by the proposal under certain conditions. **Prime-sponsored by Sen. Honeyford, the measure is scheduled to receive a public hearing in the Water, Energy and Telecommunications Committee today (Feb. 2) at 1:30 p.m.**

✓ **SB 5077:** Introduced by Sen. Honeyford, it exempts from the retail sales and use tax any propane fuel sold to farm fuel users for nonhighway use. *(Received a public hearing in the Agriculture and Rural Economic Development Committee on January 25.)*

✓ **SB 5113:** This bill, which I've prime-sponsored, authorizes the application of barley straw to waters in Washington. Studies have shown that barley straw can reduce the growth of algae when used in specific ways. *(Passed by the Agriculture and Rural Economic Development Committee January 23 and is now in the Rules Committee.)*

✓ **SB 5749:** This proposal, which I've prime-sponsored, would direct the Department of Agriculture to establish production zones so that the increase in canola acreage doesn't interfere with crops like cabbage that could cross-pollinate and then ruin valuable seed crops. The state Canola Commission brought me the idea for this proposal. The commission wants to work

together with the seed industry. The Department of Agriculture already has the tools in place to deal with this issue; it just needs the direction from the Legislature. *(Referred to Agriculture and Rural Economic Development Committee.)*

✓ **SB 5764 and SB 5765:** Sen. Rasmussen and I have combined to sponsor legislation that would remove the taxation on labor on farm equipment and farm-licensed vehicles. *(Both measures have been sent to the Agriculture and Rural Economic Development Committee.)*

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